

Clearlake Capital Partners VIII, L.P. Private Equity Recommendation

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December 2023

Today's Presentation

Clearlake Capital Partners VIII, L.P. ("CCP VIII" or the "Fund")

Main Presentation

1. Asset Class Considerations

- *Recommendation is consistent with PSERS Strategic Asset Allocation (SAA) and current year commitment planning.*

2. Recommendation Overview

- *PSERS IO and Aksia recommend committing \$100 million to Clearlake Capital Partners VIII, L.P.*

3. Strategy & Expertise

- *Demonstrated expertise in making control investments in middle and large cap companies in the technology, industrial, and consumer sectors.*

4. Investment Considerations

- *Investment expected to face certain risks consistent with Private Equity investments and staff believes that Clearlake has identified appropriate mitigants to those risks.*

5. Investment Highlights

- *Strong historical performance and complementary fit with PSERS private equity portfolio.*

Appendix

- Private Equity Dashboard
- Investment Committee Disclosure

1. Asset Class Considerations

Recommendation is consistent with PSERS Strategic Asset Allocation (SAA) and current year commitment planning

PSERS SAA and Pacing

1. PSERS SAA has established long term targets of 12.0%.
2. The current overweight is expected to decrease over the next 3 years before reaching the long-term target.
3. PSERS' most recent pacing model (August 2022) suggested \$800M – \$1 B of commitments annually to reach our target in ~3 years (2026).
4. 2023 budget is currently set for \$300M in primary investments.

SAA Allocation	
Private Equity Target	12.0%
Private Equity Actual (09/30/23)	17.3%*
Anticipated Date to Reach Allocation	2026
Pacing Budget for 2023	
Pacing Budget	\$800M - \$1B
Primary Investments	
2023 YTD Commitment	\$100M
December Recommendations	\$200M
Co-Investments	
2023 YTD Commitment	\$650K
Total Primary and Co-Investments	
	\$301M
Remaining 2023 Budget after December	\$499M - \$699M
Est. Remaining Primary Fund Recommendations after December	\$0
Expected to be in Target Budget Range for 2023?	Yes
Est. Co-Investment Capacity	\$408M

*As of 06/30/2023

2. Recommendation Overview

PSERS IO and Aksia recommend committing \$100 million to CCP VIII

Key Term	
Fund Name	Clearlake Capital Partners VIII, L.P.
Firm Name	Clearlake Capital Group, L.P.
Net Return Target	20% - 25%
Investment Professionals / Employees	45 / >100
Strategy Invested Capital ¹	\$27.6 billion (across Funds I - VII)
Target Fund Size	\$15 billion
Recommended Commitment Amount	\$100 million
GP Commitment	The lesser of 2% of aggregate commitments, or \$300 million
PSERS Existing Relationship	Yes
Notable Investment Committee Disclosure ²	None

1. As of March 31, 2023
2. Detail in appendix (Slide 10)

3. CCP VIII Strategy & Expertise

Demonstrated expertise in distressed for control investing

1. **Sector & Geography**: CCP VIII strategy seeks to make control-oriented investments in North American large-cap and mega-cap sized companies primarily in the technology, industrials, and consumer industries.
2. **Portfolio Construction**: The Fund will have a diversified portfolio of 18 – 22 companies across stated industries, with an average investment range of \$500 million to \$1.5 billion.
3. **Equity Expertise**: Clearlake employs a fundamentals-based, research-intensive approach to investing. CCP VIII senior investment professionals have a history of investing in the technology, industrials, and consumer sectors and have clearly demonstrated the ability to take advantage of market dislocations, complex situations, and companies in transition to create value.

4. Investment Considerations

Investment expected to face certain risks consistent with Private Equity investments and staff believes that Clearlake has identified appropriate mitigants to those risks

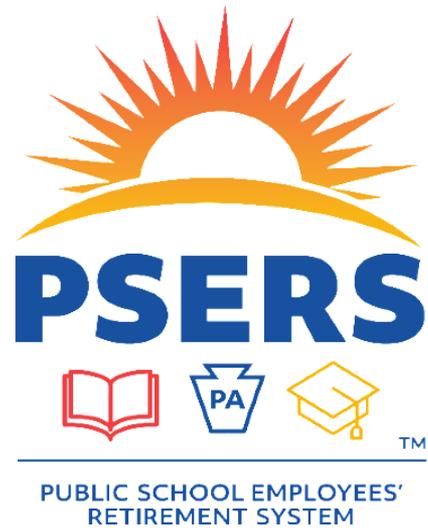
Risk	Detail	Mitigating Factors
Fund Size	At \$15 billion, the Fund will be the largest vehicle Clearlake has raised to date.	<i>In Clearlake’s history, each fund raised has been larger than its predecessor fund with the increase from VII to VIII being the smallest. Clearlake has demonstrated a steady deployment pace in prior funds. Additionally, their “deal flow” and opportunity set of corporate divestitures, carve outs, etc. remains very robust.</i>
Allocation	The Fund may participate in certain transactions (control investments) alongside Clearlake’s other strategies, including the Opportunities Funds (non-control investments).	<i>The Fund will have internal compliance reviews regarding allocations prior to closing on a transaction.</i>
Minority Investors in Clearlake	Dyal Capital Partners and Goldman Sachs Asset Management’s Petershill program (Petershill) have minority interests in Clearlake.	<i>Clearlake has had a long relationship with minority investors, Clearlake’s fund sizes have kept a stable trajectory, and the owners have shown no signs of distraction and have a great deal of pride in outperforming their peers.</i>

Note: Please see Aksia and PSERS confidential memos for additional discussion on risks and mitigants

5. Investment Highlights

Strong historical performance and complementary fit with PSERS Private Equity portfolio

Highlight	Detail
Attractive Performance in Prior Funds	As of March 31, 2023, Clearlake has invested \$19.5 billion across its seven flagship CCP funds (excluding co-investments) generating a total value of \$40.1 billion, of which \$13.1 billion has been realized. Over the same timeframe, in aggregate, these funds generated a net IRR 28.3% net and a net MoC of 2.1x.
Recycling of Invested Capital	One accretive component of the Fund will be Clearlake’s ability to reinvest proceeds from earlier realizations in the fund. The use of recycling reduces the overall management fees (given the higher level of invested capital) relative to the original commitment, and also allows for a higher potential cash-on-cash return.
Strong Co-Investment Deal Flow	PSERS has participated in six prior co-investments with Clearlake. The number of co-investment opportunities from Clearlake has been strong and has been very impactful for the overall Private Equity portfolio.

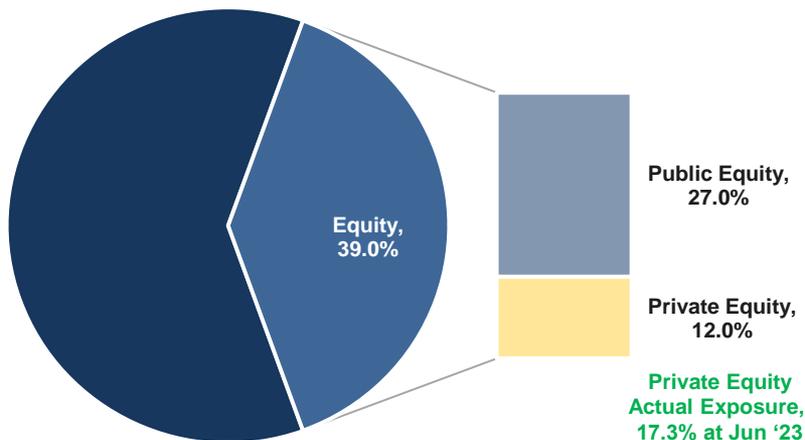


Appendix

Private Equity Dashboard *as of March 31, 2023*

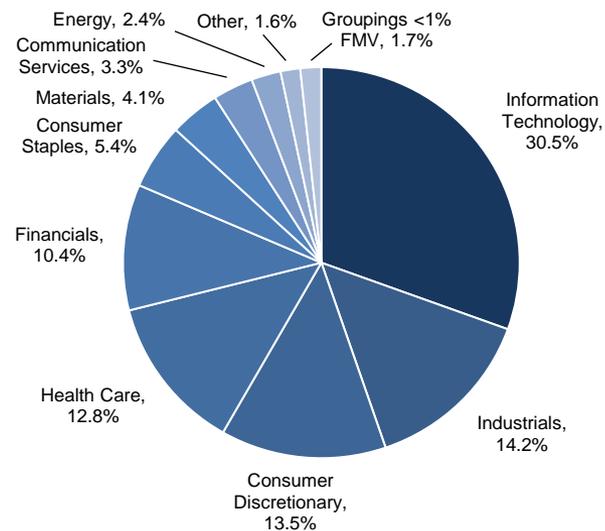
Allocation

Target Allocation to Private Equity
In Long-Term Strategic Asset Allocation



Diversification

Sector Diversification



Commitments

Recent Fund Commitments (\$M)

2022	
Clearlake Capital Partners Fund VII	\$85
Hg Saturn 3	\$100
Oak HC/FT Partners V	\$100
Greenoaks Capital Opportunities Fund V	\$100
TDR Capital V	\$95
Incline Equity Partners VI	\$125
Insight Vision Capital II	\$20
2023	
Clayton, Dubilier & Rice Fund XII	\$100

Portfolio Performance

	Time-Weighted					Dollar-Weighted		
	1-YR	3-YR	5-YR	10-YR	ITD	KS PME ¹	Direct Alpha ¹	ITD
Buyout	3.3%	24.4%	14.7%	12.3%	16.0%	1.14	4.2%	12.3%
Growth Equity	1.0%	30.2%	24.6%	20.2%	18.4%	1.42	9.2%	20.4%
Venture Capital	-14.4%	18.2%	12.0%	9.2%	5.6%	0.87	-2.5%	6.1%
Co-Investment Program	-3.6%	29.7%	17.4%	22.8%	25.2%	1.41	10.9%	21.1%
Total Portfolio	1.1%	25.4%	16.0%	13.2%	11.1%	1.13	3.4%	11.9%
Benchmark²	-9.7%	21.2%	6.6%	8.9%	10.1%	---	---	---

Performance

Color-coding: +/- 200bps **outperformance** or **underperformance** vs. benchmark.

¹ KS PME and Direct Alpha are calculated compared to Private Equity's public benchmark.

² Represents the PSERS Blended Index Benchmark: a blend of inception to 12/31/98 is 70% Russell 3000 & 30% MSCI x US Net Total Return, 12/31/98 to 12/31/18 is 70% Russell 3000 & 30% MSCI ACWI x US, 1/1/19 to 9/30/22 is 65% MSCI USA Small Cap & 35% MSCI ACWI x US Small Cap, and 10/1/22 to present is 70% MSCI USA Small Cap TR Index & 30% MSCI ACWI ex USA Small Cap Net TR Index.

Investment Committee Disclosure

No material mandatory disclosures

Disclosure	Response
Relationship with Aksia	As of June 30, 2023, 3 discretionary and 10 non-discretionary advisory Aksia clients have made aggregate commitments of \$2.7 billion across investments managed by Clearlake Capital Group. As of October 23, 2023, there are 9 other Aksia clients, including PSERS, considering a commitment to Clearlake Capital Partners VIII, LP.
Introduction Source	Existing Relationship
Compliance with Placement Agent Policy	As confirmed by PSERS' Office of Chief Counsel on TBD this investment complies with the Board's policy
PA Political Contributions	None Disclosed
PA Presence	Yes, See Confidential Memo
Potential Conflicts	PSERS is not aware of any actual or potential conflicts of interest that would be created by PSERS' investment in the Fund.
Litigation Disclosure	Clearlake receives communications from regulators and is involved in litigation from time to time in the ordinary course of business. PSERS is not currently aware of any litigation which has or may have a material effect on the Fund.
Has the Firm reimbursed and/or paid for PSERS IOP travel in the past two calendar years?	No
Certification of Due Diligence Costs	IOP certifies that PSERS paid all travel costs, if any, and was not reimbursed for the travel costs related to due diligence of the Fund